

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF BASE LC)	APPEAL NO. 13-A-1048
from a decision of the Fremont County Board of)	
Equalization for tax year 2013.)	FINAL DECISION
)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 31, 2013, in St. Anthony, Idaho before Board Member David Kinghorn. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Manager Ben Savage appeared at hearing for Appellant. Assessor Kathy Thompson and Appraisers Jeremy Dixon and Kent Lords appeared for Respondent Fremont County. This appeal is taken from a decision of the Fremont County Board of Equalization (BOE) modifying the protest of valuation for taxing purposes of property described by Parcel No. RP00290000064A.

The issue on appeal is the market value of an improved residential property.

The decision of the Fremont County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$269,738, and the improvements' valuation is \$113,044, totaling \$382,782. Appellant requests the land value be reduced to \$240,000, and the improvements' value be reduced to \$90,000, totaling \$330,000.

The subject property is a .72 acre waterfront lot located in the Bills Island subdivision. The lot is improved with a 1,672 square foot residence built in 1964 and a small detached garage.

Appellant described subject as a fishing cabin that is approximately 49 years old and in need of repairs and upgrades. The only improvement made to the property was a minor kitchen upgrade a few years back. The windows, insulation, and most other improvements are original.

Appellant explained the comparable sales provided by Respondent were newer built homes with modern amenities and larger acreages. Appellant deemed them as not comparable with subject.

In alleging inconsistencies among improvement and land assessments, Appellant provided information on the assessed values of some neighboring properties. Respondent explained the properties' assessed land values were based on the amount of water frontage and other site considerations. Further, Respondent argued Appellant was considering assessed improvement values for neighboring properties deemed to be in poor condition.

Appellant disagreed with Respondent's method of appraisal. Appellant had the opinion that properties similar to subject should be directly compared even if they were sold at auction or were bank-owned properties. The County Appraiser testified that in following Idaho rules they are required to use "arm's-length" sales to set values. Distressed sales were not being considered because the arm's-length transactions were making up a majority of the market activity in subject's area.

Appellant referenced the county sales provided at BOE and commented on the similarities and differences between these sale properties and subject. The two (2) distressed sales listed on the spreadsheet were the ones Appellant deemed similar to subject. The first property was located two (2) doors down from subject and sold at auction in 2012 for \$319,000. This property was listed on the open market for approximately two (2) years. Its total 2012 assessed value was \$436,641. Appellant noted if you take the actual 2012 sale price of \$319,000 and remove Respondent's land value of \$303,203, then what remains is a value of \$16,697 for the improvements. Appellant explained this amounted to \$5 per square foot for a 1960 residential

building.

The second sale referenced was also a distress sale. It sold in 2012 for \$322,000. Using the same method above, Appellant calculated a building residual of \$30,757, or \$8 per square foot value for a 1970 built property. Appellant testified one of the sale improvements was 25% larger than subject and had a 2-car garage. The other sale was 50% larger also with a 2-car garage. The County Appraiser explained subject was recently inspected and it was recommended to the BOE that subject's value be reduced by \$15,974. The BOE did make the reduction.

Respondent explained they considered the available reported sales. Information was provided on ten (10) 2011 and 2012 sales used in the assessor's land value study. The sales ranged in size from .53 to 3.21 acres. All but two (2) sales involved waterfront properties. Respondent pointed specially to three (3) sales which were in the study. It was noted these were not actually relied on in subject's appraisal, due to the distressed conditions surrounding the transactions. Respondent removed improvement values from the improved sales to indicate underlying land prices. Prices per acre ranged from \$46,729 to \$637,716. Property characteristics were provided for each sale property.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires all property be assessed (appraised) annually at market

value on January 1 of the relevant tax year. Market value is defined in Idaho Code § 63-201 as follows.

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

There are three (3) primary methods for determining market value: the cost approach, the income approach, and the sales comparison approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Appellant referenced deferred maintenance and obsolescence issues with subject’s improvements, however, did not provide photographs or estimated costs to cure.

The Board understands that Appellant wants to rely on the auction sales, finding them to be more similar to subject. What is missing in record is how exactly these sales were compared directly to subject to derive Appellant’s requested value.

Respondents offered information on ten (10) 2011 and 2012 sales, most of which were sales of improved sites. The sales were considered in a land value study, wherein land residuals were used to derive land values. No direct comparisons were made between the sale properties and subject. The Board agrees with Appellant that a \$700,000 or \$1,250,000 property does not appear to be comparable with subject. However it appears from record all that was being compared were land value residuals. Respondent’s appraisal of subject used a cost approach in valuing the improved property. This is a recognized appraisal method.

The Board finds the best market value information for subject, is the recent appraisal consideration made by the County Appraiser following the recent physical inspection of subject.

After a inspection, the estimated value was \$382,782.

Pursuant to Idaho Code § 63-511, in appeals from the BOE the burden falls on Appellant to prove error in subject's assessed value by a preponderance of the evidence. In this case, we find Appellant did not meet that burden. Appellant noted some differences between sale properties and the subject, and pointed to two (2) sales in particular, however failed to show how this consideration supported the value reduction requested.

Based on the above, the decision of the Fremont County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Fremont County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 22nd day of January, 2014.